



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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June 7, 2010

The Honorable Mitch McConnell
United States Senate
361-A Russell Senate Office Building
Washington, DC 20510

Dear Senator McConnell:

When Congress returns from its Memorial Day recess, I urge you to work quickly to extend the enhanced federal match rate for Medicaid (FMAP). The extension of this funding is vital as Kentucky struggles to maintain its fiscal viability in a time of such economic hardship.

The American Reinvestment and Recovery Act (ARRA) offered a great deal of assistance to keep states from making deeper budget cuts causing even further stress to their struggling economies. The ARRA-enhanced FMAP rate allowed Kentucky to reduce the severity of cuts in healthcare, transportation, education, and other services that are elemental to the fiscal viability of our state. Cuts were and are still necessary in many areas. But to penalize Kentuckians further by forcing greater cuts just as the economy begins to show signs of recovery would surely have a drastic effect on economic growth in the Commonwealth.

In order to balance Kentucky's budget, the House and Senate of the Kentucky General Assembly came together and offered a plan that counts on a six-month extension of FMAP. This bare bones budget represents a bipartisan compromise and includes deep cuts across state government. Without this extension, however, all their work will be moot and Kentucky will not be able to provide essential services to its citizens, resulting in a loss of jobs and a loss of support to the neediest Kentuckians. Kentucky will not need this enhanced Medicaid match rate forever. Today, however, in order to allocate resources to effectively operate state government, an extension of the enhanced FMAP rate is essential.

If the extension of enhanced FMAP is not passed by the federal government, it will create a devastating \$238 million hole in the budget passed by the General Assembly last week. If that cut was directed solely at Kentucky's Medicaid program, almost \$1 billion in expenditures would need to be cut, impacting patients, doctors, hospitals and hundreds of thousands of Kentuckians who depend on this program. A budget hole of that magnitude threatens the entire budget, including funding for priority areas like education, public safety, and healthcare.

As Kentuckians struggle to balance their checkbooks, feed their families, and keep their jobs, they can ill afford the cuts that will most certainly come if you do not work to extend the enhanced FMAP rate. Extension of this benefit is sure to create jobs and put Kentucky on a sounder financial footing. I urge you to put Kentucky families and Kentucky jobs first as you return to Washington next week. Please work with your colleagues to pass this important extension.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven L. Beshear". The signature is fluid and cursive, with the first name "Steven" and last name "Beshear" clearly distinguishable.

Steven L. Beshear